IPL
Summer 2002 Preparedness

May 10, 2002

AN AES IPALCO COMPANY

We Build

We Buy

We Conserve

… and We Deliver

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IPL 2002 Summer Preparedness

- Power Supply
  - Generation - Herman Schkabla
  - Purchased Power - Herman Schkabla
  - DSM - Tate Ayers
- Power Delivery
  - Transmission - Mike Holtsclaw
  - Distribution - Barry Feldman

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IPL Historical Summer Peaks

	1999	2000	2001
MW	2898	2766	2916
Date	7/30/99	8/15/00	8/7/01
Hour	3:00 PM	4:00 PM	4:00 PM
Temp.	98 °F	88 °F	91°F
Relative Humidity	51%	63%	54%
THI	87.2	81.7	82.7

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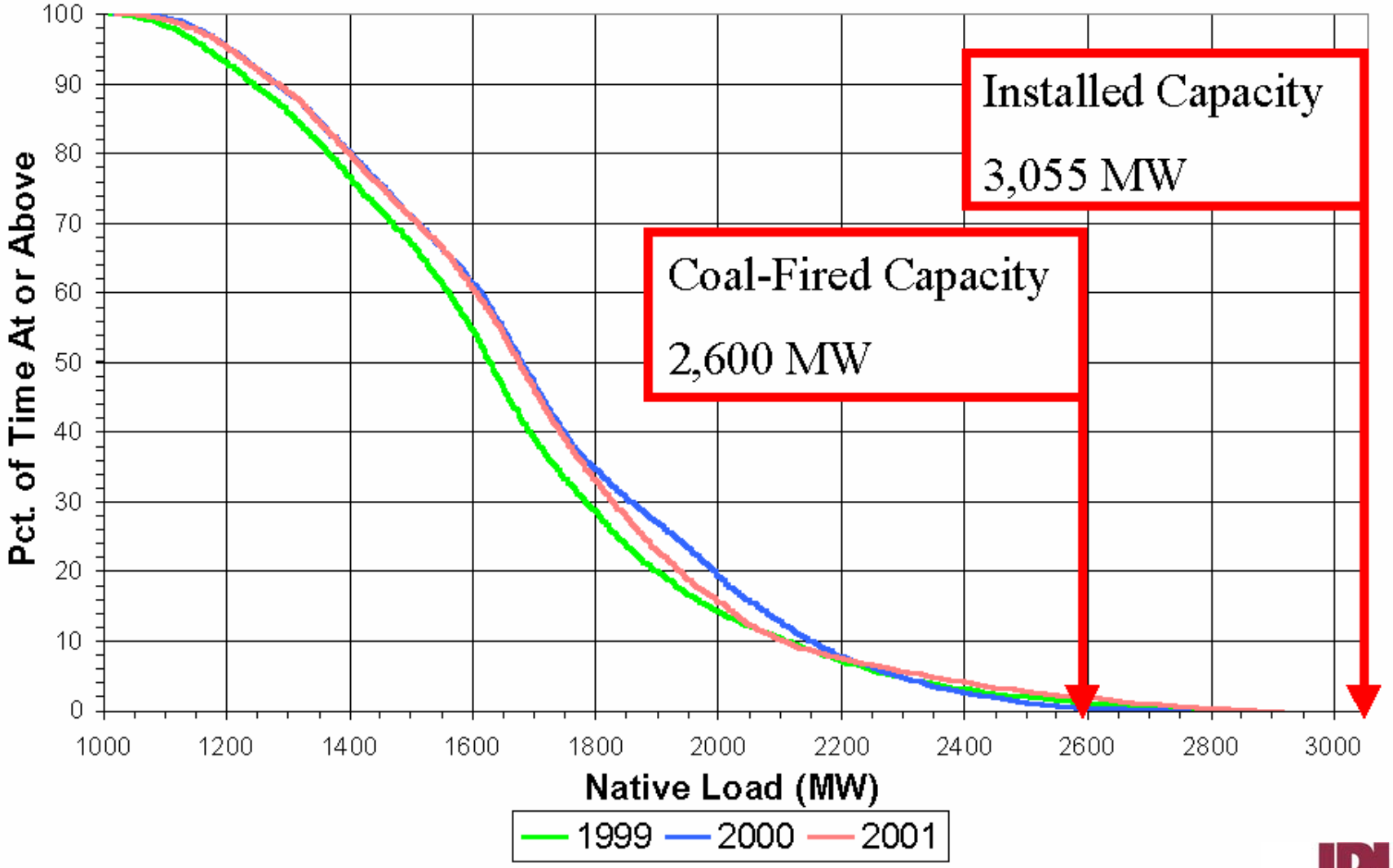
IPL Annual Load Profile

1999 Peak Demand 2,898 MW
2000 Peak Demand 2,766 MW
2001 Peak Demand 2,916 MW



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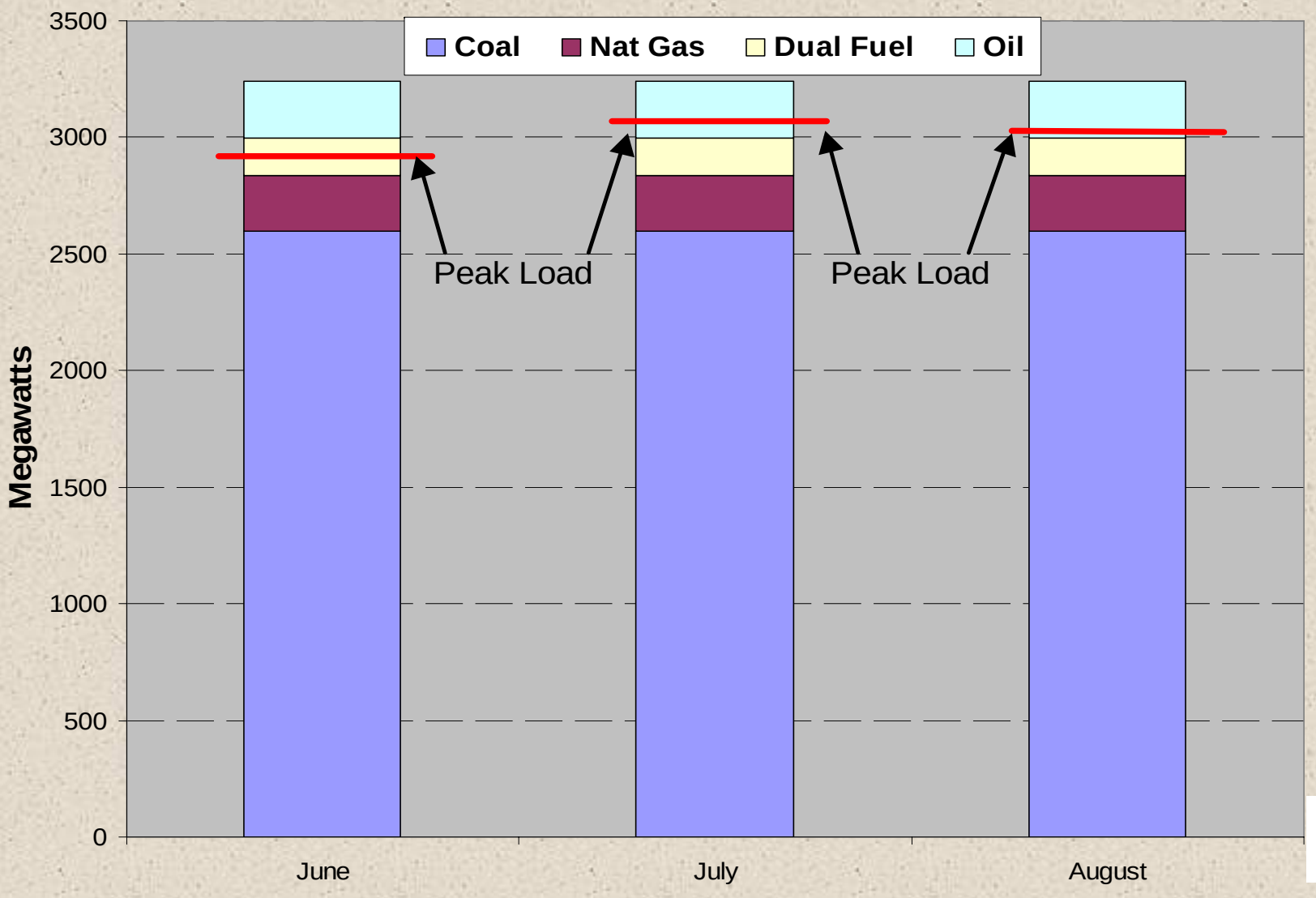
IPL Generating Capability By Fuel Type
Summer 2002



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Forward Market Prices

Date	June	July-August
5/1/1998	28.20	58.25
5/3/1999	58.63	118.00
5/1/2000	67.25	148.00
5/1/2001	68.75	110.50
5/2/2002	37.05	49.85

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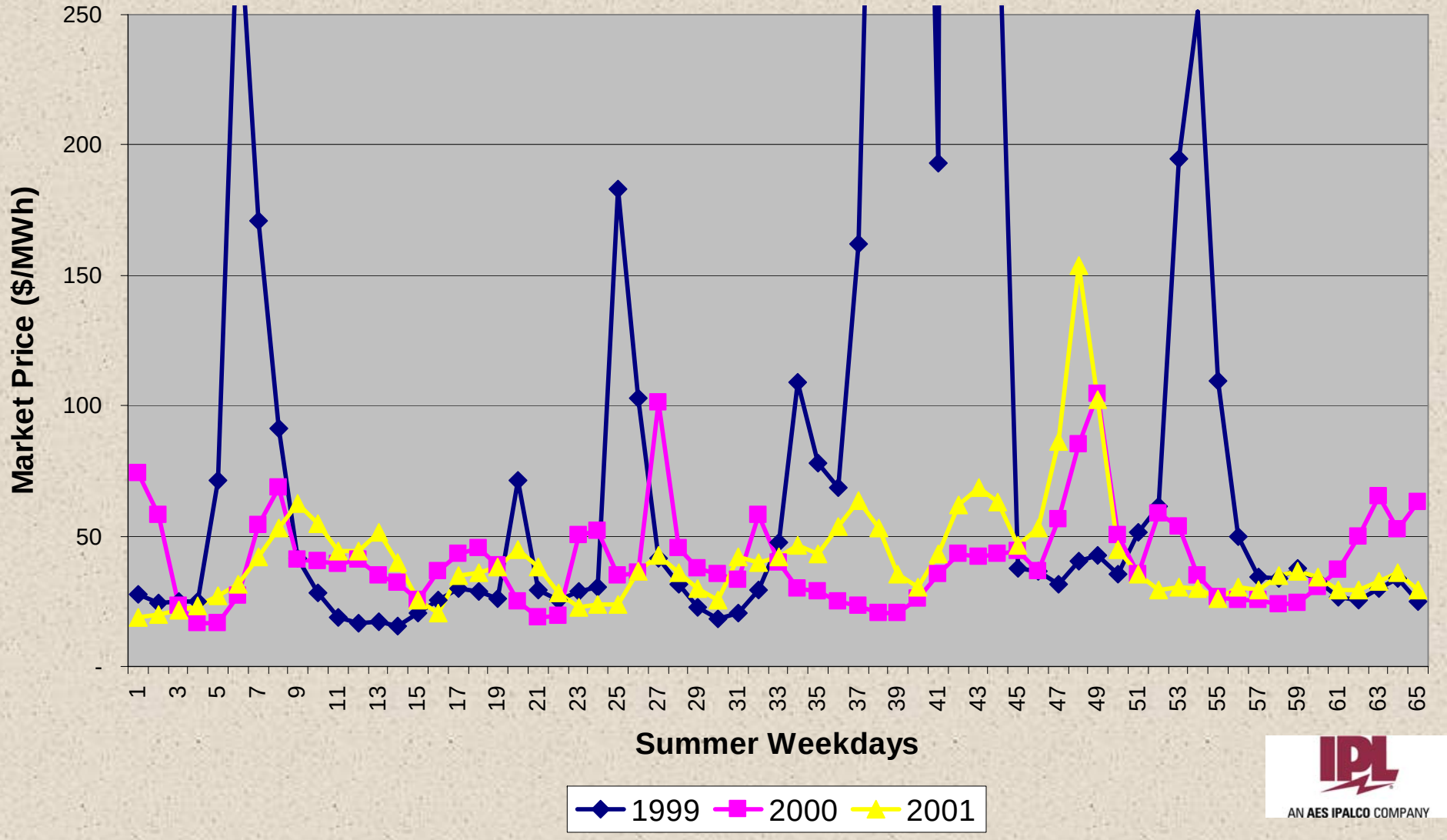
Into Cinergy Day Ahead Price Index
June through August



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ECAR Demand & Capacity

	Summer 1998	Summer 2002	Change
ECAR Demand	93,952	99,346	5,394
ECAR Capacity	104,224	123,464	19,240
ECAR Capacity Margin	10,272	24,118	13,846

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IPL 2002 Summer Projected Peaks

	June	July	August
Uncontrolled Demand	2986	3138	3089
Load Management & Conservation DSM	145	145	145
Net Internal Demand	2841	2993	2944

Note: Forecasted values are based on a THI of 84.0

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Resources Available to Meet IPL Summer Peaks Summer 2002

	June	July	August
Projected Peak (NID)	**2,841**	**2,993**	**2,944**
Exisiting IPL Owned Generation	3,066	3,066	3,066
Harding Street GT#6	155	155	155
Network Resource (CTE)	19	19	19
Unit Contingent Power Purchase	73	73	73
Firm Purchases (5x16)		100	100
Scrubber Option	19	19	19
Total Resources	**3,332**	**3,432**	**3,432**

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IPL & ECAR **Reserve Margins** - Summer 2002

	June	July	August
IPL Net Internal Demand (NID)%	16.6	14.5	16.6
ECAR (Stand Alone) NID %	34.4	25.0	25.7
ECAR (With Interchange) NID %	37.0	27.7	28.3

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We Build — Recent Capacity Additions

Unit Name	In Service	Summer Capacity (MW)
HSS GT4	1994	82
HSS GT5	1995	82
GTWN GT1	2000	79
HSS GT6	2002	155

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IPL Current Unit Outages

- Petersburg Unit 1 (232MW) is currently in a planned outage scheduled to be completed on May 10th
- Eagle Valley Unit 3 (43MW) is currently in a planned outage that is scheduled to be completed on May 9th
- Petersburg Unit 4 (545MW) forced out due to boiler tube leak, expected back within 1-2 weeks

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We Buy

Size	Term	Type
50 MW	Jul-Aug 02	5x16 firm forward
50 MW	Jul-Aug 02	5x16 firm forward
73 MW	May-Sep 02	Unit Contingent

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Beyond 2002 — Buy

- 50 MW 5x16 forward purchase for Jul-Aug 2003
- 73 MW Unit Contingent purchase for May-Sep 2003
- 50 MW 5x16 forward purchase for Jul-Aug 2003, 2004, 2005, 2006

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Customer Load Management Options
Summer Demand Impacts (MW's)

				PROJECTED	
	1998	1999	2000	2001	2002
Rider 14	13	12	12	12	12
Rider 16	12	24	28	19	19
SS-Agreements	6	6	6	5	6
Rider 17		12	10	14	6
Rider 18			20	20	20
Rider 15				27	17
Total	31	54	76	97	80

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Beyond 2002 — Conserve

- Air Conditioning Load Management
  - IURC Cause No. 42069
  - approved May 1, 2002
  - demand impacts beginning summer 2003

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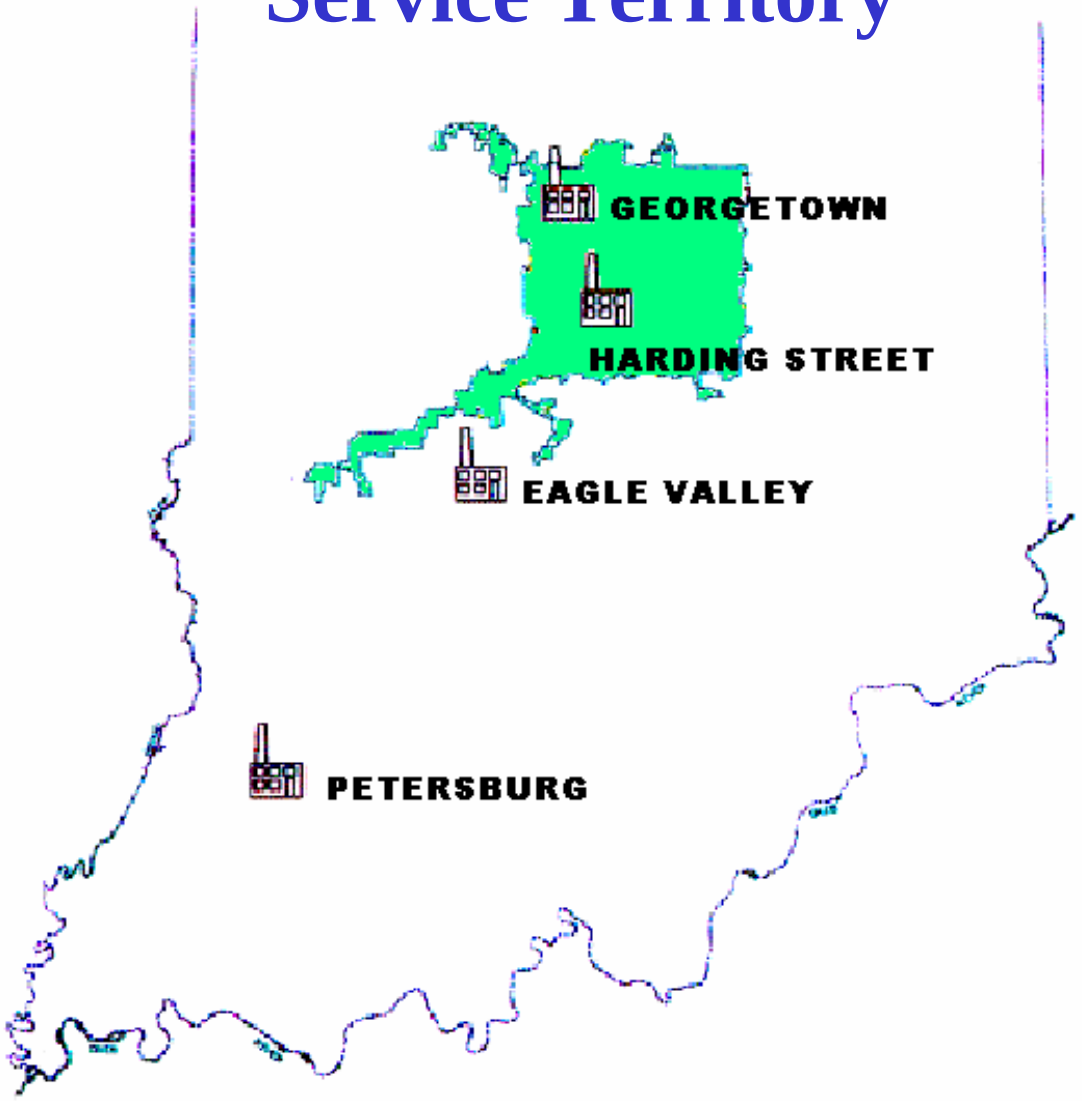
TRANSMISSION SYSTEM RELIABILITY SUMMER 2002

TRANSMISSION

IPL Generating Stations and Service Territory



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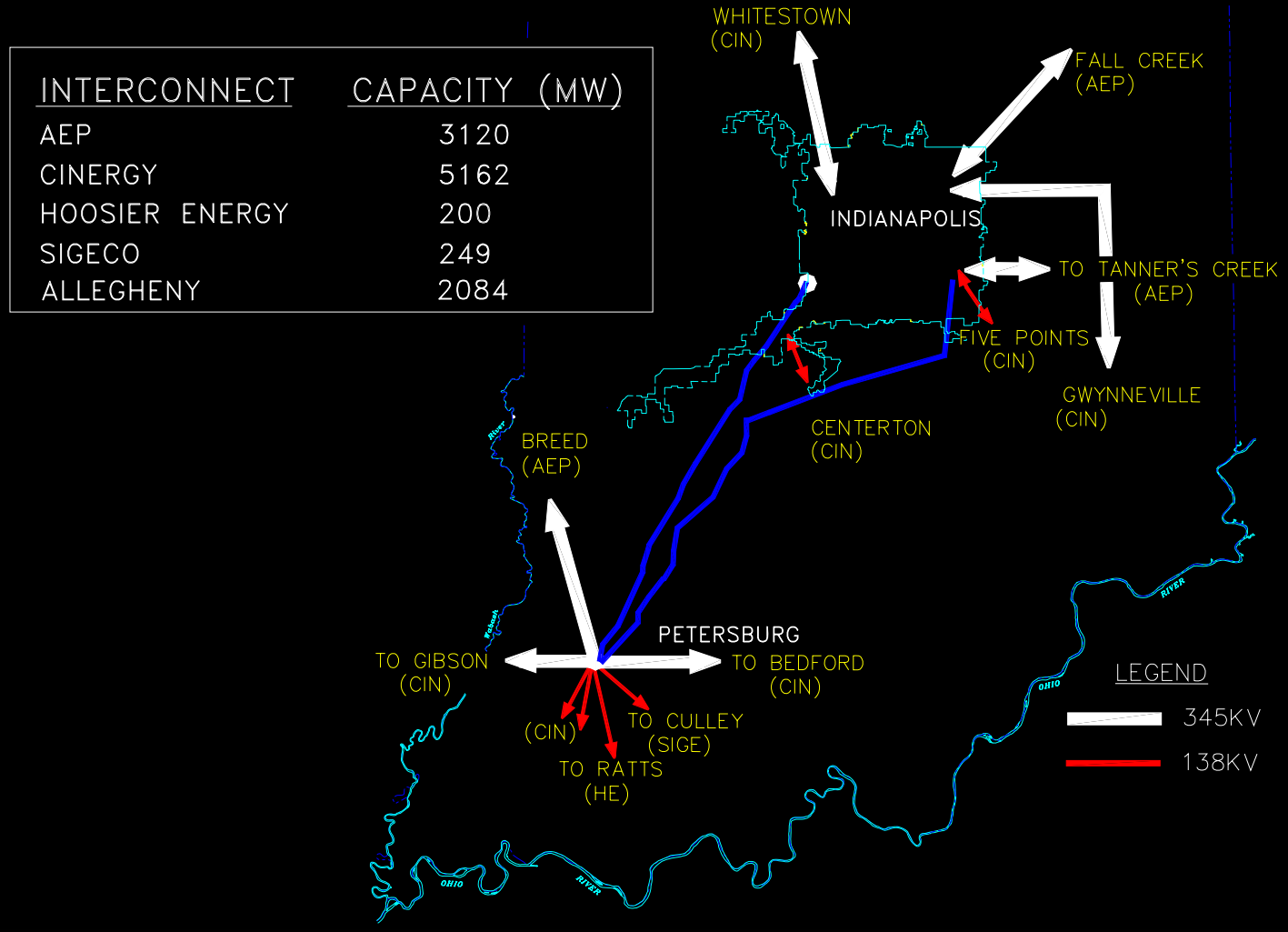
TRANSMISSION

IPL INTERCONNECTION MAP

INTERCONNECT	CAPACITY (MW)
AEP	3120
CINERGY	5162
HOOSIER ENERGY	200
SIGECO	249
ALLEGHENY	2084



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TRANSMISSION

ASSESSMENT OF IPL'S TRANSMISSION SYSTEM

- No Significant Bulk Transmission Capacity Problems Identified for this Summer
- Abnormal System Conditions Could Result in Constraints or TLR's Initiated by Others
- Strong Interconnections with the Neighboring Utilities Provides Robust Import/Export Capability
- Continue to Monitor and Evaluate System Conditions to Maintain the Reliability of the Transmission System

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TRANSMISSION

- IPL is a Member of the Midwest ISO

- Services and Functions of the Midwest ISO are:
  - Functional control of all 138 kV and 345 kV Lines, IPL Maintains Operations Control
  - They are the Reliability Authority within the MISO Region
  - They Coordinate Outage Scheduling for Lines and Major Equipment
  - They are the Scheduling Agent for Transmission Services
  - They Handle Billing & Settlements for Transmission Services
  - They Perform Long Range Regional Planning

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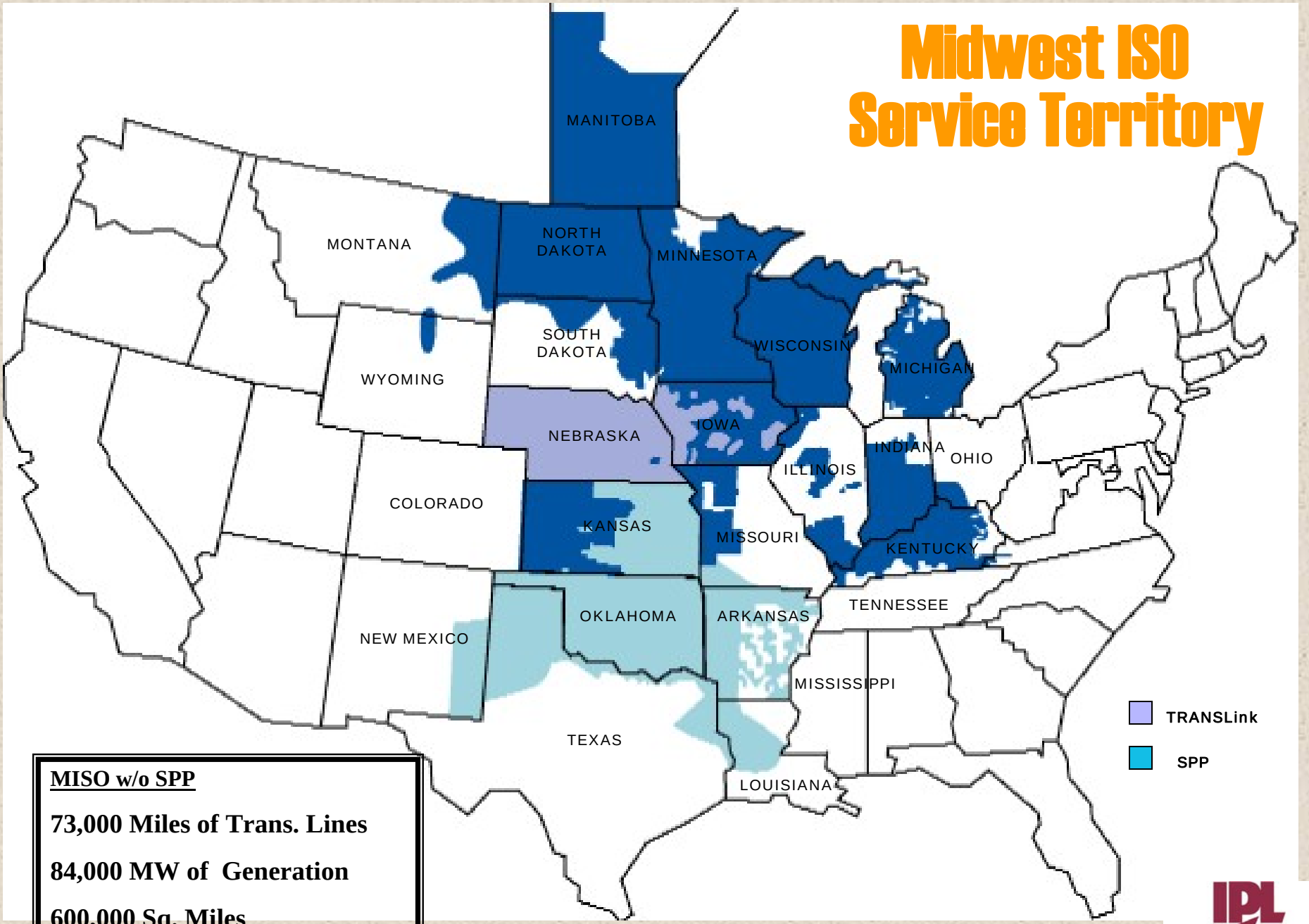
Midwest ISO Service Territory



MISO w/o SPP

73,000 Miles of Trans. Lines

84,000 MW of Generation

600,000 Sq. Miles

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TRANSMISSION

- **Midwest ISO Key Dates**
  - **December 15, 2001**
    - **Became Operational, Providing:**
      - **Reliability Authority for Members**
      - **Operational Planning**
      - **Generation Interconnection**
      - **Maintenance Coordination**
      - **Long-Term Regional Planning**
      - **Market Monitoring**
      - **Dispute Resolution**
  - **December 19, 2001**
    - **Approved by FERC as the 1st RTO**

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TRANSMISSION

- **Midwest ISO Key Dates**
  - **February 1, 2002**
    - **Began Tariff Administration**
    - **Began Handling Transmission Scheduling**
    - **Began Billing for Transmission Services**
  - **February 21, 2002**
    - **Announced Plans to Merge with SPP**
    - **Would cover 20 States & 1 Canadian Prov.**
    - **Encompass 120,000 MW of Generation**
  - **April 25, 2002**
    - **TRANSLink Approved by FERC as an ITC**

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TRANSMISSION

- **What Has Changed for IPL With Midwest ISO**
  - **MISO replaced AEP as IPL's Reliability Authority**
  - **Coordinate Schedules for Line & Equipment Outages for Construction and Maintenance**
  - **MISO is Scheduling and Approval Agent for Transmission Services**
  - **MISO Performs Coordinated Regional System Planning**

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Reliability Initiatives

- Increase in Line Clearing (Tree Trimming) Budget
  - 17% Increase
- Lightning Arrester Replacement Program
  - Identified Some Poor Performing Equipment
  - 7,000 Arresters

Reliability Initiatives (cont.)

- Changes in Distribution Protection Philosophy
  - Reduce “Flicker” Occurrences
  - Reflects Current Industry Trend
- New Outage Management System Software
  - On Schedule, Fall 2002
  - Ability to Disseminate Information
  - Improved Analysis

Existing Outage Tracking

- Call comes in through phone center.
- Entered into SRS/OMS mainframe computer system.
- System used to analyze and print paper ticket.
- Paper ticket routed to appropriate dispatcher.
- Dispatched to crew in field.
- Log/tickets are kept for seven years.

Customer Outage Communication

- New Outage Management System
  - #1 Driver for OMS system replacement was better information to give to customers.
  - All “paper ticket” information is available on-line.
  - Goal to give customer Estimated Restoration Times.
- Additional 96 Phone Lines
  - Double Storm Call Taking Capacity
- Additional Call Takers Trained

Questions ???

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